

## Message Text

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PAGE 01 CANBER 03022 130938Z

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ACTION EB-07

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00

OMB-01 /107 W

----- 114384

R 130827Z MAY 75

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 5709

INFO USMISSION GENEVA

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, EGEN, AS

SUBJECT: AUSTRALIAN TRADE RESTRICTIONS

REF: (A) STATE 096416; (B) CANBERRA 2597

1. AMBASSADOR AND E/C COUNSELOR CALLED MAY 13 ON DEPPRIMIN  
CAIRNS PURSUANT REF A. AMBASSADOR OUTLINED US DEEP CONCERN  
OVER GOA TURN TO IMPORT RESTRICTIONS IN PAST MONTHS AND ASKED  
FOR CAIRNS' JUDGEMENT ON PROSPECT FOR RETURN TO 1973 LIBERAL  
POSTURE. CAIRNS' GENERAL EXPECTATIONS RE ANY EARLY RETURN TO  
LIBERAL TRADE POLICY MODERATELY DISCOURAGING. HE BELIEVES  
MOST OF EXTRAORDINARY PROTECTION CASES NOW DEALT WITH AND  
US GOA RETAINS SERIOUS LONG-TERM OBJECTIVE OF RESTRUCTURING  
INDUSTRY TO MORE COMPETITIVE PATTERN. BUT HE DOUBTS AUSTRALIA  
CAN ASPIRE TO REGAINING SUBSTANTIAL PERCENTAGE OF MANUFACTURERS  
IN ITS EXPORTS AND IS NOT SANGUINE RESPECTING PROSPECTS FOR  
EARLY WAGE STABILIZATION WHICH WOULD REMOVE CONTINUOUS NEW  
PRESSURES FOR ADDED PROTECTION. HE BELIEVES AUSTRALIA UNLIKELY  
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PAGE 02 CANBER 03022 130938Z

TO BE IN POSITION TO RESUME SERIOUS EFFORT AT RESTRUCTURING

FOR AT LEAST A YEAR AND PROBABLY LONGER. HIS OVERALL JUDGEMENT IS THAT FOR THE LONG RUN AUSTRALIA'S SITUATION INEVITABLY WILL REQUIRE MODERATELY HIGH PROTECTION OF INDUSTRIAL SECTOR.

2. DEPARTMENT SHOULD NOTE CAIRNS IS CURRENTLY SLATED TO HEAD AUSTRALIAN DELEGATION AT UPCOMING OECD MINISTERIAL MEETING, AT WHICH TIME THERE WILL BE OPPORTUNITY FOR FURTHER EXPLORATION HIS VIEWS AND FURTHER TO IMPRESS ON HIM CONCERN WITH WHICH US VIEWS CURRENT TRADE POLICY DEVELOPMENTS.

3. COMMENT: CAIRNS FRANKLY REITERATED HIS WELL-KNOWN VIEW THAT RESTORATION OF EMPLOYMENT AND INDUSTRIAL ACTIVITY IS OVERRIDING OBJECTIVE WHICH MUST TAKE PRECEDENCE IN PRESENT SITUATION OVER INTERNATIONAL TRADE OBJECTIVES. HIS OPTIMISM THAT MOST CASES NOW DISPOSED OF RELATES TO SHORT-RUN SITUATION, BUT DOES NOT PRECLUDE NEW ROUND OF PROBLEMS IF AUSTRALIAN INFLATION RATE CONTINUES TO EXCEED OTHER MAJOR OECD NATIONS. FOR THIS REASON EMBASSY BELIEVES SPATE OF EXTRAORDINARY RESTRICTIVE DEVICES MAY SUBSIDE, BUT THERE IS LITTLE EARLY PROSPECT FOR AUSTRALIA TO RETURN TO VIGOROUS TRADE LIBERALIZATION.

GREEN

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## Message Attributes

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**TAGS:** ETRD, EGEN, AS  
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